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UNITED STATES DEPARTMENT OF AGRICULTURE  
FOOD DISTRIBUTION ADMINISTRATION  
WASHINGTON, D. C.

February 20, 1943

Director's Memorandum No. 44

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Acquisition of Rationed Foods;

U. S. Department of Agriculture

Issuance and Collection of Ration Currency

The Office of Price Administration established on January 27, 1943, a nation-wide ration banking system to handle the media for rationing foodstuffs and any other rationed commodities. It now becomes necessary for the Food Distribution Administration to participate in ration banking since we are currently acquiring two rationed items, (coffee and sugar) and, when the effective date of processed food rationing is announced, we will be required to issue ration currency for all rationed foods acquired by us.

Notwithstanding the use of the terms "ration banking" and "ration currency", the system is concerned exclusively with property accountability and does not involve fiscal considerations.

ISSUANCE OF RATION CHECKS:

The issuance of ration checks will be the responsibility of the Transportation and Warehousing Branch, and it will be the responsibility of the commodity branches to notify that Branch that its commodities are rationed and the point value for each unit of ration. Such notification shall be given in the abstract of purchases for rationed commodities and in amendments thereto whenever ration values are changed.

OPA will establish for FDA as many bank accounts as may be necessary for our operations. At the present time such accounts will be opened in New York and in San Francisco. Other points will be used as required from time to time by the Transportation and Warehousing Branch.

Separate accounts, all in the name of the Food Distribution Administration, will be opened and maintained for each ration system. This is necessary because the commodities in the separate systems are not interchangeable. Ration currency credits for coffee cannot, for example, be used for sugar. Please note that this requirement is not based upon different commodities but upon different systems. Thus, in the case of meat rationing no separate accounts will be necessary for pork and beef because all forms of meat are in the same system.

The disbursing accounts in the case of FDA will be based upon the principle of an unlimited credit balance so that no restriction is placed upon the quantities of rationed items which may be purchased.

Before opening any accounts, the OPA (Ration Banking Section, Washington, D. C.) shall be promptly advised of the names and locations of the banks with which accounts will be opened. At the time of opening the accounts, signature cards bearing the names of the persons authorized by Mr. Crow to execute ration checks shall be filed with the bank after the usual manner of signature cards. All stationery such as checks, etc., will be supplied by the banks.

Checks issued to vendors are deposited by them to their accounts and are thereafter cleared back to the accounts of FDA through the usual bank clearing house system. Statements (in duplicate) and cancelled ration checks shall be obtained from the banks at least monthly. Stub records shall be maintained at the check issuing offices, and, promptly after monthly verification, statements, in duplicate, and cancelled checks shall be sent to the Commodity Accountability Section of the Transportation and Warehousing Branch in Washington for handling and for safe-keeping. One copy of each bank statement shall be sent promptly to the OPA (Ration Banking Section, Washington, D. C.) by the Commodity Accountability Section.

All expenses of the banks in connection with the issuance of blank checks and the maintenance of accounts will be met by OPA, except charges which banks are permitted to make under OPA regulations for special services rendered at the request of FDA.

Time of issuance of ration checks is of the essence. Such checks must be issued on the basis of the points values in effect on the date of delivery of goods or of transfer of title to FDA, whichever is earlier, and it is imperative that vendors receive such checks promptly to avoid loss of merchandise through changes in the value of points between date of delivery of goods to FDA and date of receipt of the ration checks by vendors and so that wholesalers may be able promptly to replace inventories.

Ration checks shall be issued by the Transportation and Warehousing Branch promptly upon receipt of the original Telegraphic Notice of Shipment submitted by each vendor of rationed items under contract to FDA or to FSCC and shall be in an amount to cover the quantity of goods represented by that notice.

Ration checks shall not be issued for goods acquired from exempt agencies, such as Army, Navy, etc.

#### COLLECTION OF RATION CHECKS:

The foregoing applies specifically to foodstuffs acquired by FDA, however, since FDA also disposes of goods acquired, we will have to collect ration currency for all goods delivered other than for export from the United States or for goods sold to exempt agencies. Export is defined as other than the forty-eight States and the District of Columbia. Exempt agencies are defined in rationing orders.



Although deliveries to Puerto Rico, the Virgin Islands, and Hawaii are exports in the sense mentioned above, and, although ration banking does not extend to those areas, it will be the responsibility of the FDA representative in each of those areas to develop any applicable local rationing procedures in cooperation with local OPA representatives.

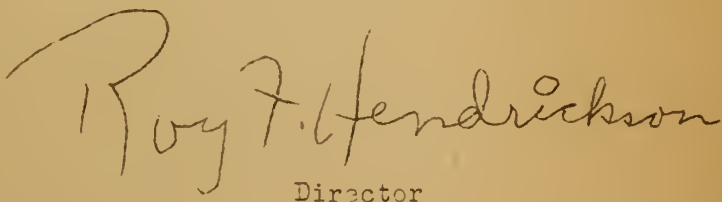
It will be the responsibility of the Transportation and Warehousing Branch to collect ration currency for all goods delivered by FDA in the continental United States, to non-exempt agencies, or other than for export and other than to state welfare agencies. This includes goods delivered to domestic customers and salvage sales if the goods are for human consumption. Ration checks shall not be collected for goods delivered to exempt agencies, such as Army, Navy, Maritime Commission, Panama Canal Zone, etc.

It will be the responsibility of the Civilian Program Branch to collect ration currency for all rationable items purchased under a Section 32 program and delivered to a State or other agency for domestic distribution.

All ration checks collected by FDA for goods delivered shall be transmitted to the Commodity Accountability Section of the Transportation and Warehousing Branch in Washington, which Section will deposit such checks in a local depository. Once each month, as soon as the bank statement for each deposit account has been received, the Commodity Accountability Section shall close out such accounts by issuing certified ration checks to OPA (Ration Banking Section, Washington, D. C.) in full for each such account.

It will be the responsibility of the Program Liaison Division to include in each applicable sales contract a clause requiring the submission to FDA of the necessary ration checks for each delivery under the contract.

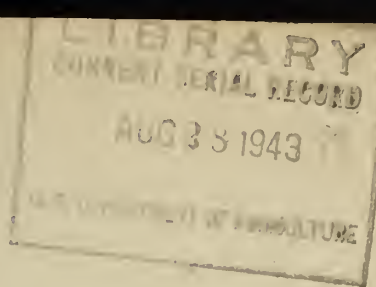
Detailed operational procedures for the issuance and collection of ration checks shall be developed by the Transportation and Warehousing Branch. Such procedures shall be developed in cooperation with the Civilian Programs Branch insofar as Section 32 deliveries are concerned, and in cooperation with the Program Liaison Division insofar as direct sales are concerned.

  
Director



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WAR FOOD ADMINISTRATION  
Food Distribution Administration  
Washington 25, D. C



DIRECTOR'S MEMORANDUM NO. 44

Supplement 1

July 20, 1943

Procedure for Advance or Replacement of Ration Currency

Effective July 1 the Office of Price Administration issued Ration Order No. 11 to permit exempt agencies to grant advance or replacement of ration points to industrial users when commodities purchased with such advances are used in the manufacture of commodities to be resold to the exempt agencies. This means that, for example, the Food Distribution Administration as an exempt agency may advance or replace points to allow a vendor to purchase tomato paste which will be used in preparing canned sardines to be sold to FDA.

The procedures to be observed in obtaining ration points are as follows:

1. The vendor will prepare an original and two copies of a request for ration points. The application shall be made to the commodity branch concerned and shall contain:
  - a. The name and address of the applicant;
  - b. The name and address of any other industrial user for whom ration points are requested;
  - c. The nature and amount of the products which are to be manufactured;
  - d. A statement that the applicant has a contract with or an order from the designated agency for these products, and an identification of that contract or order;
  - e. The amount, in pounds, of each item of rationed food used or to be used by the applicant in the products;
  - f. The amount, in pounds, of each item of rationed food used or to be used in these products by any other industrial user, with whom the applicant has a contract or to whom he has given an order. This statement shall be based on the certification received from such industrial user;
  - g. A statement that any ration evidences received by the applicant as an advance or replacement to another industrial user will be given to that user and will not be used by the applicant;
  - h. A statement that the advance or replacement for which the application is made has not previously been obtained or applied for.

Forms to be used by vendors in requesting an advance or replacement of ration points may be obtained from the Reproduction and Distribution Section of the Administrative Services Division.

2. The original and one copy of the request for ration points will be sent to the commodity branch purchasing the processed commodity; the vendor shall retain one copy for his records. The commodity branch chief or his designee will review the request, and if he approves it, he will transmit the original to the Ration Banking Unit, Commodity Accountability Section, Custody and Disposition Division, Transportation and Warehousing Branch. The copy of the request will be retained by the commodity branch. If any employee, other than the branch chief, or assistant branch chief, is designated to approve advances or replacements, a memorandum signed by the branch chief and authorizing such employee to approve must be transmitted to the Ration Banking Unit.

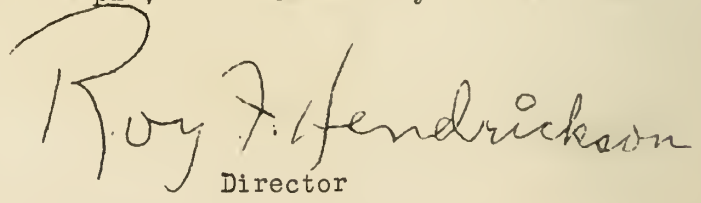
3. The Ration Banking Unit will then issue a check for the advance or replacement and will mail the check directly to the vendor.

4. In those cases where the exact quantity of a contract is not known at the time the commodity branch receives the application for an advance of ration points, for example, contracts entered into pursuant to "set-aside" orders, the application may be approved and transmitted to the Ration Banking Unit for execution. However, it will be necessary for the Branch to provide that the particular contract be checked upon completion in order to determine whether or not the amount of the request was justified. If it develops that all ration points issued under an application are not accounted for, the commodity branch concerned shall ask for a refund from the vendor.

The following exceptions to the above procedure should be noted:

1. All checks for food demonstration purposes shall be obtained by the branch concerned directly from the Office of Price Administration. Bank accounts established by such advances shall be subject to audit by Audit and Fiscal Examination Division.

2. The Office of Price Administration will continue to advance ration points, in conjunction with the branch concerned, in cases in which ration points are advanced to industrial users for the purpose of processing other than food products (for example, advances made by the Fats and Oils Branch).

  
Director

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Procurement: Ration Banking

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Ration Banking: Ration Currency, Advance or Replacement of

F-805 (See also Procurement)